UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2019**

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _______ to _______

Commission File Number: **000-52994**

THE OLB GROUP, INC.
(Exact name of small business issuer as specified in its charter)

DELAWARE	**13-4188568**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
200 Park Avenue, Suite 1700, New York, NY	10166
(Address of principal executive offices)	(Zip Code)

(212) 278-0900
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock	OLBG	OTC Markets OTCQB tier

Indicate by check mark whether the registrant (1) has fled all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such fling requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
	Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 14, 2019, there were 5,411,896 shares of the issuer's common stock outstanding.

THE OLB GROUP, INC.

FORM 10-Q

For the Quarterly Period Ended September 30, 2019

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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The OLB Group, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

	September 30, 2019 (Unaudited)	December 31, 2018
ASSETS		
Current Assets:		
Cash	$ 25,472	$ 111,586
Accounts receivable, net	605,268	406,110
Prepaid expenses	20,048	21,135
Other current assets	8,278	8,278
Total Current Assets	659,066	547,109
Other Assets:		
Property and equipment, net	42,936	65,945
Intangible assets, net	3,538,453	4,148,096
Goodwill	6,858,216	6,858,216
Other long-term assets	410,190	379,908
TOTAL ASSETS	$ 11,508,861	$ 11,999,274
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable	$ 570,631	$ 467,526
Accrued expenses – related party	910,512	640,009
Accrued expenses	71,250	73,625
Other accrued liabilities	20,447	15,152
Note payable – related parties – current portion	240,914	25,000
Total Current Liabilities	1,813,754	1,221,312
Long Term Liabilities:		
Note payable, net	9,500,000	9,500,000
Notes payable – related party	3,000,000	3,000,000
Total Liabilities	14,313,754	13,721,312
Commitments and contingencies (Note 11)		
Stockholders' Deficit:		
Preferred stock, $0.01 par value, 50,000,000 shares authorized, no shares issued and outstanding		-
Common stock, $0.0001 par value; 200,000,000 shares authorized, 5,411,896 shares issued and outstanding	541	541
Additional paid-in capital	15,984,675	15,785,888
Accumulated deficit	(18,790,109)	(17,508,467)
Total Stockholders' Deficit	(2,804,893)	(1,722,038)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 11,508,861	$ 11,999,274

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

The OLB Group, Inc. and Subsidiaries,
Condensed Consolidated Statements of Operations
(Unaudited)

For the

	For the Three Months Ended September 30, 2019	For the Three Months Ended September 30, 2018 (As Revised)	For the Nine Months Ended September 30, 2019	For the Nine Months Ended September 30, 2018 (1) (As Revised)	period from January 1, 2018 through April 8, 2018 (Predecessor)
Revenue:					
Transaction and processing fees	$ 2,455,937	$ 2,946,757	$ 7,578,561	$ 6,116,404	$ 3,164,949
Merchant equipment sales and other	15,294	6,221	53,118	24,056	9,590
Other revenue	6,201	25,005	18,587	141,513	-
Total revenue	2,477,432	2,977,983	7,650,266	6,281,973	3,174,539
Operating expenses:					
Processing and servicing costs, excluding merchant portfolio amortization	1,700,048	1,960,700	5,096,694	4,057,324	1,748,141
Amortization expense	203,214	227,676	609,643	455,353	90,739
Salaries and wages	342,338	425,176	1,143,733	1,003,907	374,345
Outside commissions	22,591	48,199	97,902	153,026	508,296
General and administrative expenses	294,371	581,987	1,055,602	1,136,882	367,524
Total operating expenses	2,562,562	3,243,738	8,003,574	6,806,492	3,089,045
(Loss) income from operations	(85,130)	(265,755)	(353,308)	(524,519)	85,494
Other Income (Expense):					
Interest expense	(218,500)	(279,250)	(648,015)	(464,875)	(832,564)
Interest expense, related party	(97,889)	(28,526)	(281,128)	(31,104)	-
Other income (expense)	(340)	-	809	-	908
Total other expense	(316,729)	(307,776)	(928,334)	(495,979)	(831,656)
Net Loss	$ (401,859)	$ (573,531)	$ (1,281,642)	$ (1,020,498)	$ (746,162)
Net loss per share, basic and diluted	$ (0.07)	$ (0.11)	$ (0.24)	$ (0.22)	
Weighted average shares outstanding, basic and diluted	5,466,501	5,411,213	5,447,501	4,597,378	

(1) Includes the consolidated results from operations of (a) OLB, CrowdPay and Omnisoft from January 1, 2018 through September 30, 2018 and (b) the net assets acquired from the Predecessor from April 9, 2018 through September 30, 2018 as disclosed in Note 1.

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

The OLB Group, Inc. and Subsidiaries
Condensed Consolidated Statements of Stockholders' Deficit for Three and Nine Months ended September 30, 2019 and 2018
(Unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid In Capital	Accumulated Deficit	Total
Balance at January 1, 2019	5,411,896	$ 541	$ 15,785,888	$ (17,508,467)	$ (1,722,038)
Stock based compensation	-	-	66,262	-	66,262
Net loss	-	-	-	(406,945)	(406,945)
Balance at March 31, 2019	5,411,896	541	15,852,150	(17,915,412)	(2,062,721)
Stock based compensation	-	-	66,263	-	66,263
Net loss	-	-	-	(472,838)	(472,838)
Balance at June 30, 2019	5,411,896	541	15,918,413	(18,388,250)	(2,469,296)
Stock based compensation	-	-	66,262	-	66,262
Net loss	-	-	-	(401,859)	(401,859)
Balance at September 30, 2019	5,411,896	$ 541	$ 15,984,675	$ (18,790,109)	$ (2,804,893)

	Common Stock Shares	Common Stock Amount	Additional Paid In Capital	Accumulated Deficit	Total
Balance at January 1, 2018	5,411,063	$ 541	$ 15,592,265	$ (16,114,923)	$ (522,117)
Net loss	-	-	-	(126,630)	(126,630)
Balance at March 31, 2018	5,411,063	541	15, 592,265	(16,241,553)	(648,747)
Common stock issued for services	833	-	3,750	-	3,750
Warrants issued as non-cash interest	-	-	7,660	-	7,660
Stock based compensation	-	-	56,246	-	56,246
Net loss	-	-	-	(320,337)	(320,337)
Balance at June 30, 2018	5,411,896	541	15,659,921	(16,561,890)	(901,428)
Stock based compensation	-	-	63,022	-	63,022
Net loss	-	-	-	(573,531)	(573,531)
Balance at September 30, 2018	5,411,896	$ 541	$ 15,722,943	$ (17,135,421)	$ (1,411,937)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

The OLB Group, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	For the Nine Months Ended September 30, 2019	For the Nine Months Ended September 30, 2018 (1) (As Revised)	For the period from January 1, 2018 through April 8, 2018 (Predecessor)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (1,281,642)	$ (1,020,498)	$ (746,162)
Adjustments to Reconcile Net Loss to Net Cash Used in Operations:			
Depreciation and amortization	632,652	483,293	109,225
Non-cash interest	-	7,660	-
Stock based compensation	198,787	123,018	275,369
Changes in assets and liabilities:			
Accounts receivable	(199,157)	19,665	99,190
Prepaid expenses	1,087	76,259	35,445
Other current assets	-	(138,172)	(298)
Other long-term assets	(30,282)	9,565	6,775
Accounts payable	103,104	201,897	(219,888)
Accrued compensation	-	-	(3,156)
Accrued expenses – related party	270,503	162,732	-
Other accrued liabilities	2,920	(49,965)	63,905
Other long-term liabilities			(2,511)
Net Cash used in Operating Activities	(302,028)	(124,546)	$ (382,106)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from note receivable	-	174,967	182,362
Purchase of property and equipment	-	-	(6,274)
Cash received in business combination	-	42,711	-
Net Cash provided by Investing Activities	-	217,678	176,088
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from notes payable – related party	215,914	1,055,000	-
Payment on notes payable – related party	-	(30,000)	-
Payment on notes payable		(1,000,000)	
Net Cash provided by Financing Activities	215,914	25,000	-
Net Change in Cash	(86,114)	118,132	(206,018)
Cash – Beginning of Period	111,586	-	225,227
Cash – End of Period	$ 25,472	$ 118,132	$ 19,209
Cash Paid For:			
Interest	$ 660,750	$ 464,875	$ 458,812
Income taxes	$ -	$ -	$

(1) Includes the consolidated cashflows from operations of (a) OLB, CrowdPay and Omnisoft from January 1, 2018 through September 30, 2018 and (b) the net assets acquired from the Predecessor from April 9, 2018 through September 30, 2018 as disclosed in Note 1.

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

The OLB Group, Inc. and Subsidiaries
Notes to the Condensed Consolidated Financial Statements
September 30, 2019
(Unaudited)

NOTE 1 – BACKGROUND

Background

The OLB Group, Inc. ("OLB" or the "Company") was incorporated in the State of Delaware on November 18, 2004 and provides services through its wholly-owned subsidiaries.

The Company provides integrated financial and transaction processing services to businesses throughout the United States. Through its eVance Capital, Inc. subsidiary ("eVance"), the Company provides an integrated suite of third-party merchant payment processing services and related proprietary software enabling products that deliver credit and debit card-based internet payment processing solutions primarily to small and mid-sized merchants operating in physical "brick and mortar" business environments, on the internet and in retail settings requiring both wired and wireless mobile payment solutions. eVance operates as an independent sales organization ("ISO") generating individual merchant processing contracts in exchange for future residual payments. As a wholesale ISO, eVance has a direct contractual relationship with the merchants and takes greater responsibility in the approval and monitoring of merchants than do retail ISOs and as a result, receives additional consideration for this service and risk. The Company's Securus365, Inc. subsidiary operates as a retail ISO and receives residual income as commission for merchants it places with third party processors.

CrowdPay.us, Inc. ("CrowdPay") is a Crowdfunding platform used to facilitate a capital raise anywhere from $1,000,0000 -$50,000,000 of various types of securities under Regulation D, Regulation Crowdfunding, Regulation A and the Securities Act of 1933, as amended. To date, the activities of this subsidiary have been insignificant.

Omnisoft.io, Inc. ("Omnisoft") operates a software platform for small merchants The Omnicommerce applications work on an iPad, mobile device and the web and allows a user to sell a store's products in a physical, retail setting. To date, the activities of this subsidiary have been insignificant.

The Company also provides ecommerce development and consulting services on a project by project basis.

On October 4, 2019 (the "Record Date"), the Board of Directors of the Company (the "Board") and Ronny Yakov, the Chairman, Chief Executive Officer, President, Secretary and sole Director of the Company and the holder of approximately 64.27% of the Company's outstanding Common Stock as of the Record Date approved the following actions by written consent to approve an amendment to our Certificate of Incorporation, as amended (the "Certificate of Incorporation"), to: (1) effect a reverse stock split of our issued and outstanding Common Stock at a ratio between one-for-twenty and one-for-thirty five, with such final ratio to be determined at the sole discretion of the Board (or its designee or designees) and with such to be effected at such time and date, if at all, as determined by the Board in its sole discretion (provided that it is by October 4, 2020) and (2) indemnify the directors, officers, employees or other agents of the Company to the fullest extent permitted by the Delaware General Corporation Law.

On November 8, 2019, the Board approved, and on November 12, 2019, the Company effected a one-for- thirty reverse stock split of its common stock (the "Reverse Split"). All shares, options and warrants throughout these consolidated financial statements and Form 10-Q have been retroactively restated to reflect the Reverse Split. In addition to the Reverse Split, the Company amended its certificate of incorporation whereby the Company shall indemnify the directors, officers, employees or other agents of the Company to the fullest extent permitted by the Delaware General Corporations Law.

Memorandum of Sale

On April 9, 2018, Securus365, Inc., a Delaware corporation ("Securus"), eVance Capital, Inc., a Delaware corporation ("eVance Capital"), and eVance Inc., a Delaware corporation ("eVance", and collectively with Securus and eVance Capital, the "Purchasers"), each of which Purchaser was a newly formed wholly-owned subsidiary of OLB, entered into a Memorandum of Sale (the "Memorandum of Sale") by and among the Purchasers and GACP Finance Co., LLC, a Delaware limited liability company ("GACP"), in its capacity as administrative agent and collateral agent to certain secured lenders of the Debtors (as defined below), pursuant to which the Purchasers acquired substantially all of the assets of the Debtors (the "Asset Acquisition") through a foreclosure sale arranged by GACP under the Uniform Commercial Code of the State of New York ("UCC") of the collateral of Excel Corporation ("Excel") and its subsidiaries Payprotec Oregon, LLC, Excel Business Solutions, Inc. and eVance Processing, Inc. (Excel and such subsidiaries, collectively, the "Debtors") under the Loan and Security Agreement, dated as of November 2, 2016, by and among GACP, the lenders thereunder and the Debtors and related loan documents, as amended (the "Excel Loan and Security Agreement").

GACP exercised its post-default remedies and realized on the collateral securing the Debtors' obligations under the Excel Loan and Security Agreement by conducting a public auction of certain assets of the Debtors on April 9, 2018 in accordance with the UCC. The Purchasers submitted the Memorandum of Sale at such auction, which constituted the Purchasers' bid for substantially all of the assets of the Debtors ("Acquired Assets"), which bid was accepted by GACP on April 9, 2018 in connection with the simultaneous signing and closing (the "Closing") of the transactions contemplated under the Memorandum of Sale and the Credit Agreement (defined below).

In consideration for the sale and transfer of the Acquired Assets at the Closing, the Purchasers assumed certain post-Closing obligations under assigned contracts and issued GACP a note payable in the amount of $12,500,000, through the deemed simultaneous financing of such purchase price to the Purchasers under the Credit Agreement. Pursuant to the Memorandum of Sale, the Purchasers purchased from GACP and accepted all of the Debtors' right, title and interest in and to the Acquired Assets "as is", "where is" and "with all faults" and without any representations or warranties, express or implied, of any nature whatsoever. Any representations made by the parties in the Memorandum of Sale did not survive the Closing, and there is no indemnification rights for either party's breach. See Note 5.

Common Control Mergers

Effective May 9, 2018, in accordance with the requirements of the Excel Loan and Security Agreement, the Company entered into a share exchange agreement with Crowdpay.US, Inc. for which the Company issued 2,916,667 shares of common stock for all of the authorized stock of Crowdpay. Crowdpay became a wholly owned subsidiary of OLB. The Company's two majority stockholders were the two stockholders of Crowdpay and as a result this transaction was accounted for as a common control merger. See Note 6.

Effective May 9, 2018, in accordance with the requirements of the Excel Loan and Security Agreement, the Company entered into a share exchange agreement with Omnisoft, Inc. for which the Company issued 1,833,333 shares of common stock for all of the authorized stock of Omnisoft. Omnisoft became a wholly owned subsidiary of OLB. The Company's two majority stockholders were the two stockholders of Omnisoft and as a result this transaction was accounted for as a common control merger. See Note 6.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). These unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements and footnotes for the year ended December 31, 2018 included on the Company's Form 10-K. The results of the three and nine months ended September 30, 2019 are not necessarily indicative of the results to be expected for the full year ending December 31, 2019.

In the opinion of management, all adjustments necessary to present fairly the financial position as of September 30, 2019 and the results of operations and cash flows presented herein have been included in the financial statements. All such adjustments are of a normal and recurring nature. Interim results are not necessarily indicative of results of operations for the full year.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company's accounting estimates include the collectability of receivables, useful lives of long lived assets and recoverability of those assets, valuation allowances for income taxes, stock based compensation and estimates made for business combinations.

Net Loss per Share

Basic net loss per share of common stock is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period. Diluted net loss per share of common stock is computed by dividing net loss by the weighted average number of shares of common stock and potentially outstanding shares of common stock during the period. The weighted average number of shares of common stock for the three and nine months ended September 30, 2019 does not include warrants and options to acquire 40,000 and 265,172 shares of common stock, respectively. Basic net loss per share does include the weighted average effect of vested options to acquire 55,257 shares of commons stock as their exercise prices are nominal. There were no other potentially dilutive shares for the three and nine months ended September 30, 2018.

Revenue Recognition and Cost of Revenues

The Company will recognize revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when all of the following criteria are met: (i) persuasive evidence of an arrangement exists, (ii) the product has been shipped or the services have been rendered to the customer, (iii) the sales price is fixed or determinable, and (iv) collectability is reasonably assured.

The Company receives a percentage of recurring monthly transaction related fees comprised of credit and debit card fees charged to merchants, net of association fees, otherwise known as Interchange, as well as certain service charges and convenience fees, for payment processing services, including authorization, capture, clearing, settlement and information reporting of electronic transactions. Fees are calculated on either a percentage of the dollar volume of the transaction or a fixed fee or a hybrid of the two and are recognized at the time of the transaction. In the case of "wholesale" residual revenue in which the Company has a direct contractual relationship with the merchant, bears risk of chargebacks and performs underwriting on the merchants, the Company records the full discount charged to the merchant as revenue and the related interchange and other processing fees as expenses. In cases of residual revenue where the Company is not responsible for merchant underwriting and has no chargeback liability and has no or limited contractual relationship with the merchant, the Company records the amount it receives from the processor net of interchange and other processing fees as revenue.

Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, eVance, Securus, Crowdpay.US, and OMNISOFT, Inc. All significant intercompany transactions and balances have been eliminated.

Segments

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision–making group in deciding how to allocate resources and in assessing performance. Our chief operating decision–making group is composed of the chief executive officer. We currently operate in one segment surrounding our ISO operations.

Recent Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The ASU requires that a lessee recognize the assets and liabilities that arise from operating leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. This new guidance will be effective for annual reporting periods beginning after December 15, 2020, including interim periods within those annual reporting periods, and early adoption is permitted. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The Company is currently in the process of evaluating the potential effect that the adoption of this standard will have on its consolidated financial position and results of operations.

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, Revenue from Contracts with Customers, to establish ASC Topic 606, (ASC 606). ASU 2014-09 supersedes the revenue recognition requirements in ASC Topic 605, Revenue Recognition and most industry-specific guidance throughout the Industry Topics of the Codification. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance includes a five-step framework that requires an entity to: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when the entity satisfies a performance obligation. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

In August 2015, the FASB issued ASU 2015-14, Deferral of the Effective Date, which amended the effective date for nonpublic entities to annual reporting periods beginning after December 15, 2018. In March 2016, the FASB issued an update (ASU 2016-08) to ASC 606, Principal versus Agent Considerations (Reporting Revenue Gross versus Net), which clarifies the guidance on principal versus agent considerations. In April 2016, the FASB issued an update (ASU 2016-10) to ASC 606, Identifying Performance Obligations and Licensing, which provides clarification related to identifying performance obligations and licensing implementation guidance under ASU 2014-09. In May 2016, the FASB issued an update (ASU 2016-12) to ASC 606, Narrow-Scope Improvements and Practical Expedients, which amends guidance on transition, collectability, noncash consideration and the presentation of sales and other similar taxes. In December 2016, the FASB issued an update (ASU 2016-20) to ASC 606, Technical Corrections and Improvements, which outlines technical corrections to certain aspects of the new revenue recognition standard such as provisions for losses on construction type contracts and disclosure of remaining performance obligations, among other aspects. The effective date and transition requirements are the same as those in ASU 2014-09 for all subsequent clarifying guidance discussed herein.

The guidance permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (modified retrospective method). As an Emerging Growth Company, the standard is effective for the Company's 2019 annual reporting period and for interim periods after 2019. The Company is in the process of analyzing the potential impact this standard will have on its consolidated financial position and results of operations. The Company expects to apply the modified retrospective method upon adoption.

The Company has reviewed other recently issued accounting pronouncements and plans to adopt those that are applicable to it. The Company does not expect the adoption of any other pronouncements to have an impact on its results of operations or financial position.

NOTE 3 – LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2019, the Company had cash of $25,472 and a working capital deficit of $1,154,688. For the three and nine months ended September 30, 2019, the Company's net loss was $401,859 and $1,281,642, respectively, and its cash used in operating activities was $302,028 for the nine months ended September 30, 2019. The Company expects to fund future liquidity and capital requirements through cash flow generated from its operating activities resulting from increases in its merchants and revenues generated. Additionally, included in the working capital deficit as of September 30, 2019 was accrued payroll, a note payable and other expenses due to the Company's Chief Executive Officer, Mr. Ronny Yakov, in the amount of approximately $838,500, which he has agreed to defer receiving payment until the Company has sufficient working capital. As a result of amendments to its long-term and related party long-term debt arrangements, coupled with its operations acquired in the business combination and financial support, if needed, from a related party and significant stockholder to assist with the ongoing working capital needs of the Company through November 2020 (other than obligations of the Company to pay principal or interest with respect to the Excel Loan and Security Agreement), the Company believes it has sufficient capital to continue operations for a period of at least twelve months from the date these financial statements were issued.

The Company's future capital requirements could depend on many factors, including the need to expand its services, personnel, competing technological and market developments, and the need to enter into collaborations with other companies or acquire other companies or technologies to enhance or complement the Company's product and service offerings. If the Company is unable to secure additional capital, it may be required to curtail its future plans and take additional measures to reduce costs in order to conserve cash.

NOTE 4 – INTANGIBLE ASSETS

Intangible assets, net, consist of the following as of:

	September 30, 2019	December 31, 2018
Merchant Portfolios	$ 2,190,000	$ 2,190,000
Less Accumulated Amortization	(443,547)	(208,571)
Net residual portfolios	$ 1,746,453	$ 1,981,429

	September 30, 2019	December 31, 2018
Trade name	$ 2,500,000	$ 2,500,000
Less Accumulated Amortization	(708,000)	(333,333)
Net trade name	$ 1,792,000	$ 2,166,667

Amortization expense for the three and nine months ended September 30, 2019 was $203,214 and $609,643, respectively.

Amortization expense for the three and nine months ended September 30, 2018 was $227,676 and $455,353, respectively.

The Company's merchant portfolios and tradename are being amortized over respective useful lives of 7 and 5 years.

The following sets forth the estimated amortization expense related to amortizing intangible assets for the years ended December 31:

2019 (remainder of year)	$ 203,214
2020	$ 812,857
2021	$ 812,857
2022	$ 812,857
2023	$ 479,524
Thereafter	$ 417,144
Total	$ 3,538,453

The weighted average remaining useful life of amortizing intangible assets was 5.25 years at September 30, 2019.

NOTE 5 – BUSINESS COMBINATIONS

As disclosed in Note 1, on April 9, 2018, the Company entered into a Memorandum of Sale by and among the Purchasers and GACP. In consideration for the sale and transfer of the Acquired Assets at the Closing, the Company assumed certain post-Closing obligations under assigned contracts and issued GACP a note payable for $12,500,000, through the deemed simultaneous financing of such purchase price to the Purchasers under the Credit Agreement.

The Company accounted for the transaction as a business combination under ASC 805 and as a result, allocated the fair value of the identifiable assets acquired and liabilities assumed as of the acquisition date as outlined in the table below. The results of operations of the business acquired by the Company have been included in the consolidated statements of operations since the date of acquisition. The excess of the purchase price over the estimated fair values of the underlying identifiable assets acquired and liabilities assumed was allocated to goodwill. The amount assigned to goodwill was deemed appropriate based on several factors, including: (i) the multiple paid by market participants for businesses in the merchant card processing business; (ii) levels of eVance Payments, current and future projected cash flows; and (iii) the Company's strategic business plan. Goodwill is expected to be deductible for tax purposes.

The allocation of the purchase price and the estimated fair market values of the assets acquired and liabilities assumed are shown below:

Consideration	
Consideration issued	$ 12,500,000
Identified assets and liabilities	
Cash	42,711
Accounts and other receivables	480,302
Note receivable	174,967
Prepaid expenses	84,945
Long-term assets	348,367
Property and equipment	106,600
Accounts payable	(180,231)
Accrued Expenses	(105,877)
Merchant portfolios	2,190,000
Tradename	2,500,000
Total identified assets and liabilities	5,641,784
Excess purchase price allocated to goodwill	$ 6,858,216

Unaudited pro forma results of operations for the nine months ended September 30, 2018, as if the Company and its subsidiaries had been combined on January 1, 2018, are presented below. The pro forma results include estimates and assumptions which management believes are reasonable. The pro forma results do not include any anticipated cost savings or other effects of the planned integration of these entities, and are not necessarily indicative of the results that would have occurred if the business combination had been in effect on the date indicated, or which may result in the future. The unaudited pro forma results of operations are as follows:

Nine Months

		Ended September 30, 2018
Revenues	$	9,456,512
Operating loss	$	(126,145)
Other expense		(801,321)
Net loss	$	(927,466)
Net loss per share – basic and diluted	$	(0.20)

NOTE 6 – COMMON CONTROL MERGERS

On May 9, 2018, the Company acquired 100% of Omnisoft in exchange for the issuance of 1,833,333 shares of common stock. The acquisition of Omnisoft, was determined to be a common control transaction as each Company has the same two shareholders with a majority ownership. As a result, the assets and liabilities assumed were recorded on the Company's consolidated financial statements at their respective carry-over basis. Under ASC 805, "Business Combinations," the Company recorded the common control merger as of the earliest date presented in these consolidated financial statements, or January 1, 2018.

On May 9, 2018, the Company acquired 100% of Crowdpay in exchange for 2,916,667 shares of common stock. The acquisition of Crowdpay as a wholly owned subsidiary is considered a common control transaction as each Company has the same shareholder with a majority ownership. As a result, the assets and liabilities assumed were recorded on the Company's consolidated financial statements at their respective carry-over basis. Under ASC 805, "Business Combinations," the Company recorded the common control merger as of the earliest date presented in these condensed consolidated financial statements, or January 1, 2018.

NOTE 7 – NOTE PAYABLE

In order to finance the Asset Acquisition, GACP, as administrative agent and collateral agent ("Agent"), and as the initial sole lender thereunder, provided a term loan of $12,500,000 (the "Term Loan") to the Purchasers, Omnisoft, Inc., a Delaware corporation and CrowdPay.us, Inc., a New York corporation, each of Omnisoft and Crowdpay being affiliates of the Company's majority stockholder, which obligations are guaranteed by the Company (collectively with the Borrowers, the "Loan Parties"), under the Loan and Security Agreement (the "Credit Agreement"), dated as of April 9, 2018, by and among the Loan Parties, the lenders from time to time party thereto as lenders (the "Lenders") and the Agent.

The Term Loan matures in full on April 9, 2021, the third anniversary of the Closing. $1,000,000 of the principal amount under the Term Loan must be repaid on or prior to July 15, 2018, and an additional $2,000,000 in principal due on or prior to October 31, 2018 (in each case subject to earlier repayment under certain circumstances, including if a Loan Party consummates an equity financing), with the remaining principal due upon maturity. The Term Loan can be prepaid without penalty in part by the Loan Parties with ten days' prior written notice to the Agent, and in full within thirty days' prior written notice. The Term Loan is subject to an interest rate of 9.0% per annum, payable monthly in arrears.

The obligations of the Loan Parties under the Credit Agreement are secured by all of their respective assets and the Loan Parties pledged all of their assets as collateral for their obligations under the Credit Agreement. Additionally, the Company pledged its ownership interests in the Purchasers and any of its other subsidiaries that it may form or acquire from time to time.

The Credit Agreement includes customary representations, warranties and financial and other covenants of the Loan Parties for the benefit of the Lenders and the Agent. The obligations of the Loan Parties under the Credit Agreement are subject to customary events of default for a secured term loan. Each Loan Party is jointly and severally liable for the obligations under the Credit Agreement.

On July 30, 2018, the Company entered into Amendment No. 1 to the Loan and Security Agreement (the "Amendment") amending that certain Loan and Security Agreement, dated as of April 9, 2018 (the "Original Credit Agreement,", by and among GACP Finance Co., LLC, as administrative agent and collateral agent, the lenders party thereto, Securus365, Inc., eVance, Inc., eVance Capital, Inc., OMNISOFT, Inc., and CrowdPay.us, Inc., as borrowers, and the Company, as parent guarantor. Pursuant to the Amendment, among other things, the lenders (i) waived the Company's existing defaults under the Original Credit Agreement for its failure to make payment of $1,000,000 (the "initial payment") under the Original Credit Agreement on or prior to July 15, 2018 and to deliver to the lenders unaudited monthly financial statements and compliance certificates of the Company, (ii) extended the date on which the initial payment was required to be made to July 30, 2018 and extended the date on which the Company is required to provide audited financial statements for the fiscal years ended December 31, 2017 and 2018, (iii) permitted the Company to enter into a subordinated loan arrangement for the Note concurrently with the Amendment such that the Company could make the initial payment under the terms of the Amendment and Original Credit Agreement, and permitted the Note to be repaid either from the sale of the Note Collateral Shares or at any time after the second payment under the Amendment and Original Credit Agreement. The Company borrowed $1,000,000 from a related party (Note 11) in order to make its first scheduled payment.

On November 14, 2018, the $2,000,000 second payment due under the Original Credit Agreement that was due by October 31, 2018 was paid. The Company borrowed $2,000,000 from a related party (Note 10) in order to make its second scheduled payment. Total interest expense for the GACP loan incurred during the three and nine months ended September 30, 2019 was $218,500 and $648,375, respectively, $71,250 of which is accrued as of September 30, 2019. Total interest expense for the three and nine months ended September 30, 2018 was $279,250 and $464,875, respectively. Total interest expense incurred during the year ended December 31, 2018 was $791,625, $73,625 of which was accrued as of December 31, 2018.

On February 5, 2019, the Company entered into Amendment No. 3 to Loan and Security Agreement (the "Amendment No. 3") amending the Original Credit Agreement as the same was amended by the Amendment (the "Original Credit Agreement," and as amended, by the Amendment and Amendment No. 3 the "Credit Agreement"), by and among GACP Finance Co., LLC, as administrative agent and collateral agent, the lenders party thereto, Securus365, Inc., eVance, Inc., eVance Capital, Inc., OMNISOFT, Inc., and CrowdPay.us, Inc., as borrowers, and the Company, as parent guarantor. Pursuant to the Amendment No. 3, among other things, the lenders waived the Company's existing default under the Original Credit Agreement for its failure to comply with certain financial covenants set forth in the Original Credit Agreement and the parties amended the terms of the financial covenants that the Company must comply with. The Company is required to maintain a Fixed Charge Coverage Ratio of (x) not less than 1.10:1.00 and (y) on or after the end of the first full fiscal month ended January 31, 2020, the Fixed Charge Coverage Ratio shall not be less than 1.20:1.00, measured in each case on a trailing twelve month and Consolidated Net Revenue shall not be less than $10,000,000.

NOTE 8 - WARRANTS

Pursuant to and as additional consideration for the Term Loan under the Credit Agreement, on April 9, 2018 the Company issued to GACP a Warrant to purchase 40,000 shares of common stock of the Company at an exercise price of $7.50 per share, subject to adjustment as set forth in the Warrant. The Warrant is exercisable by GACP at any time from the Issuance Date until the later of (i) the third (3rd) anniversary of the Issuance Date and (ii) the date on which all obligations under the Credit Agreement have been satisfied in full. The Warrant may be redeemed for $0.003 per Warrant Share, at the sole discretion of the Company, at any time after the six (6) month anniversary of the Issuance Date if the closing sales price of the Company's common stock equals or exceeds $150.00 per share on each of the 20 trading days within any 30 day trading day period ending on the third (3rd) trading day prior to the date on which the Company provides a notice of redemption. GACP has certain piggy-back registration rights as set forth in the Warrant with respect to the Warrant Shares to be issued upon exercise of the Warrant. After the six (6) month anniversary of the Issuance Date, GACP can exercise the Warrant using a "cashless exercise" feature to the extent that GACP exercises the Warrant for a number of Warrant Shares in excess of the number Warrant Shares that have been registered for resale under U.S. securities laws.

As additional consideration for the Term Loan under the Credit Agreement, on April 9, 2018 the Company also entered into a letter agreement (the "Additional Warrants Agreement") with GACP, pursuant to which the Company agreed that if the Company at any time after the Closing and prior to the satisfaction of all outstanding obligations under the Credit Agreement requests for GACP to provide debt financing for the acquisition of a company or operating business by the Company or its subsidiaries, and GACP or its affiliates provide all of the debt financing for such acquisition, the Company will issue to GACP a warrant to purchase 6,667 shares of the Company's common stock (an "Additional Warrant") upon the closing of such debt-financing, with such Additional Warrant in substantially the same form as the Warrant, up to a total of four (4) Additional Warrants for four debt-financed acquisitions under the Additional Warrants Agreement. The exercise price of the Additional Warrants, if issued, will be $9.00 per share for the first Additional Warrant, $10.50 per share for the second Additional Warrant, $12.00 per share for the third Additional Warrant and $13.50 per share for the fourth Additional Warrant, with the number of shares and exercise price subject to adjustment as set forth in the Additional Warrants Agreement and the Additional Warrant.

The warrants have a exercise price of $7.50 and expire in three years. The aggregate fair value of the warrants, which was charged to interest expense, totaled $7,660 based on the Black Scholes Merton pricing model using the following estimates: exercise price of $7.50, 2.28% risk free rate, 114.11% volatility and expected life of the warrants of 3 years.

A summary of the status of the Company's outstanding stock warrants as of September 30, 2019 is presented below:

Range of Exercise Prices		Number Outstanding 9/30/2019	Weighted Average Remaining Contractual Life		Weighted Average Exercise Price
$	7.50	40,000	1.50 years	$	7.50

The aggregate intrinsic value represents the total pretax intrinsic value, based on warrants with an exercise price less than the Company's stock price as of September 30, 2019, which would have been received by the warrant holder had the warrant holder exercised their warrants as of that date.

NOTE 9 – STOCK OPTIONS

Pursuant to the terms on the employment agreement with Mr. Yakov he was granted 6,667 common stock options on January 1, 2019. The grant shall vest at the rate of 1/3 beginning on each anniversary of the effective date of grant. The options have an exercise price of $0.03 and expire in three years after each vest date. The aggregate fair value of the options totaled $39,814 based on the Black Scholes Merton pricing model using the following estimates: exercise price of $0.03, 2.47% risk free rate, 104.8% volatility and expected life of the options of 4 years. The fair value is being amortized over the applicable vesting period and credited to additional paid in capital.

A summary of the status of the Company's outstanding stock options and changes during the year is presented below:

Stock Options	Shares		Weighted Average Exercise Price		Aggregate Intrinsic Value
Options outstanding at January 1, 2019	271,839	$	0.0001		-
Granted	6,667	$	0.001		-
Exercised	-	$	-		-
Forfeited	-	$	-		-
Options outstanding September 30, 2019	278,506	$	0.0001	$	3,340,872
Shares exercisable at September 30, 2019	55,257	$	0.0001	$	662,843

On November 13, 2019, the Company entered into an agreement with the holder of 265,172 common stock options whereby both parties agreed that the exercise price pertaining to those options only would not be adjusted for the effects of the Reverse Stock Split.

NOTE 10 – RELATED PARTY TRANSACTIONS

On July 30, 2018, pursuant to the terms of the Amendment (Note 7), the Company issued to Mr. John Herzog, a significant stockholder of the Company a subordinated promissory note in the principal amount of $1,000,000 (the "Note") for cash proceeds of $1,000,000. The Note initially matured on March 31, 2019 (though the Company had the right to prepay the Note, in whole or in part, at any time prior to maturity) and bears interest at a rate of 12% per annum, compounding annually. The Note is subordinated to the Credit Agreement. The Company used the proceeds received to make the initial payment under the Credit Agreement.

On November 14, 2018, the Company issued to John Herzog, a subordinated promissory note in the principal amount of $2,000,000 for cash proceeds of $2,000,000.

On March 1, 2019, the Company entered into Amendment No. 1 to Subordinated Promissory Note (the "Subordinated Note Amendment") with Mr. Herzog. The purpose of the Subordinated Note Amendment was to amend that certain subordinated promissory note issued on July 26, 2018 in the principal amount of $1,000,000 to reflect an increase in the amount of principal due under the note from $1,000,000 to $3,000,000 reflecting a payment made by the payee to the Company of $2,000,000 on November 14, 2018 (the proceeds of which were used by the Company to make a second required payment under the Credit Agreement) and to extend the maturity date of the Note from March 31, 2019 to September 30, 2020. On June 25, 2019, the Company entered into Amendment No. 2 to the subordinated promissory note with Mr. Herzog. The purpose of the amendment was to amend the maturity date of such subordinated promissory note such that it will be extended until September 30, 2022.

Total interest expense on the two loans from Mr. Herzog for the three and nine months ended September 30, 2019 was $90,740 and $269,260, respectively. Total accrued interest as of September 30, 2019 and December 31, 2018 is $312,110 and $52,849, respectively.

As of September 30, 2019 and December 31, 2018, the Company has total accrued compensation due to Mr. Yakov of $568,027 and $568,292, respectively, and advances to be repaid to Mr. Yakov of $17,684 and $17,684, respectively.

On August 10, 2018, Ronny Yakov, the CEO, loaned the Company $25,000, in order to pay for audit services. Mr. Yakov loaned the Company an additional $215,914 to the Company during the nine months ended September 30, 2019. The loans are unsecured, bear interest at 12% and are due on demand. As of September 30, 2019, and December 31, 2018 there is $11,912 and $1,184 of interest accrued, respectively, on these loans. Interest expense for the three and nine months ended

September 30, 2019 was $4,375 and $10,358, respectively. Interest expense for the three and nine months ended September 30, 2018 was $419 and $419, respectively.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company may be involved in legal proceedings, claims and assessments arising in the ordinary course of business. The Company records legal costs associated with loss contingencies as incurred and accrues for all probable and estimable settlements.

On October 20, 2017, the Company entered into a new employment agreement with Mr. Yakov for 7 years effective January 1, 2018 through December 31, 2024. The agreement provides for an annual salary of $375,000, fringe benefits ($2,500 monthly automobile allowance, any benefit plans of the Company and 4 weeks paid vacation), an incentive bonus of $200,000 based on the achievement of certain performance criteria and an acquisition bonus equal to two (2%) percent of the gross purchase price paid in connection therewith upon the closing of any acquisition directly or indirectly by the Company or its subsidiaries during the Employment Period of any company or business (including purchases of all or substantially all of the assets of any such entity) having then existing sales of not less than three million five hundred thousand dollars ($3,500,000). As of September 30, 2019, no bonuses have been paid or accrued.

Office Lease

The Company leases its Georgia office facilities under an operating lease which is expiring in November 2019. The Company will continue to lease the location on a month-to-month basis. Monthly lease payments are $9,046.

NOTE 12 – SUBSEQUENT EVENTS

On October 4, 2019, the Board of Directors of the Company (the "Board") and Ronny Yakov, the Chairman, Chief Executive Officer, President, Secretary and sole Director of the Company and the holder of approximately 64.27% of the Company's outstanding Common Stock as of the Record Date approved the following actions by written consent to approve an amendment to our Certificate of Incorporation, to: (1) effect a reverse stock split of our issued and outstanding Common Stock at a ratio between one-for-twenty and one-for-thirty five, with such final ratio to be determined at the sole discretion of the Board (or its designee or designees) and with such to be effected at such time and date, if at all, as determined by the Board in its sole discretion (provided that it is by October 4, 2020) and (2) indemnify the directors, officers, employees or other agents of the Company to the fullest extent permitted by the Delaware General Corporation Law.

On November8 2019, the Board approved, and on November 12, 2019, the Company effected a one-for- thirty reverse stock split of its common stock. All shares, options and warrants throughout these consolidated financial statements and Form 10-Q have been retroactively restated to reflect the Reverse Split. In addition to the Reverse Split, the Company amended its certificate of incorporation whereby the Company shall indemnify the directors, officers, employees or other agents of the Company to the fullest extent permitted by the Delaware General Corporations Law.

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

The information in this report contains forward-looking statements. All statements other than statements of historical fact made in this report are forward looking. In particular, the statements herein regarding industry prospects and future results of operations or financial position are forward-looking statements. These forward-looking statements can be identified by the use of words such as "believes," "estimates," "could," "possibly," "probably," anticipates," "projects," "expects," "may," "will," or "should" or other variations or similar words. No assurances can be given that the future results anticipated by the forward-looking statements will be achieved. Forward-looking statements reflect management's current expectations and are inherently uncertain. If underlying assumptions prove inaccurate or unknown risks or uncertainties materialize, our actual results may differ significantly from management's expectations. These risks and uncertainties include those factors described in greater detail in the risk factors disclosed in our Form 10-K for the fiscal year ended December 31, 2018 filed with the Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those anticipated in these forward-looking statements. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q or, in the case of documents referred to or incorporated by reference, the date of those documents.

The following discussion and analysis should be read in conjunction with our unaudited financial statements, included herewith. This discussion should not be construed to imply that the results discussed herein will necessarily continue into the future, or that any conclusion reached herein will necessarily be indicative of actual operating results in the future. Such discussion represents only the best present assessment of our management.

Company Overview and Description of Business

We were incorporated in the State of Delaware on November 18, 2004 for the purpose of merging with OLB.com. The merger was done for the purpose of changing our state of incorporation from New York to Delaware. In April 2018, we completed an acquisition of substantially all of the net assets of Excel and its subsidiaries Payprotec Oregon, LLC, Excel Business Solutions, Inc. and eVance Processing, Inc. (such assets are the foundation of our eVance business). In May 2018, we entered into share exchange agreements with Crowdpay and Omnisoft, affiliate companies of our company's majority stockholder, pursuant to which each of Crowdpay and Omnisoft became solely owned subsidiaries of our Company. Our Company's headquarters is located at 200 Park Avenue, Suite 1700, New York, NY 10166. Our telephone number is (212) 278-0900.

We are a FinTech company and payment facilitator (or "PayFac") that focuses on a suite of products in the merchant services and payment facilitator verticals that is focused on providing integrated business solutions to merchants throughout the United States. We seek to accomplish this by providing merchants with a wide range of products and services through our various online platforms, including financial and transaction processing services and support for crowdfunding and other capital raising initiatives. We supplement our online platforms with certain hardware solutions that are integrated with our online platforms. Our business functions primarily through three wholly-owned subsidiaries, eVance, Omnisoft, and CrowdPay. The PayFac model allows us to instantly underwrite merchants and take all credit risk from end to end.

A payment facilitator (is a company that is sponsored by a bank or other financial institution and creates a sub-merchant account in order to provide payment processing services to merchant clients. As a payment facilitator, we are able to offer merchant services on a sub-merchant platform which allows us to on-board sub-merchants under our unique merchant ID account (an "MID"). Said differently, PayFacs operate in the same way as an independent sales organization that signs up new merchants on behalf of acquiring banks and processors (an "ISO") in terms of payment process but the on-boarding and accounting for merchants are different. With an ISO, merchants are identified with individual MID and the settlement to the merchant is handled by the settlement/acquiring bank. A PayFac has its own MID with a settlement bank and each of the merchants on-boarded by the PayFac are given sub-MID's under the PayFac's MID. This allows the PayFac to board a merchant very quickly and also enables the PayFac to accept responsible for settling the payment of funds to the merchant which increases the PayFac's fees. We operate under a TSYS/ProPay (the processor in the ecosystem) and the sponsoring bank that approved us is Wells Fargo. The PayFac model allows us to instantly underwrite merchants and take all credit risk from end to end.

The Company's merchants process over $82,000,000 in gross transactions monthly and averages 1,400,000 transactions a month. These transactions come from a variety of sources including direct accounts and ISO channels. The accounts consist of businesses across the USA with no concentration of industries or merchants.

Our back-office risk and compliance system, Ingres, is connected to a list of risk and mitigation vendors and tools that instantly give us an in-depth understanding of new merchant applications. This allows our internal dashboard to provide Artificial intelligence information on the merchant. We use this information to try to mitigate merchant risk and thus our liability risk for the transaction.

We plan to focus on prime verticals such as small banks that don't have merchant services in-house. This allows us to be the merchant services provider for the bank and their merchants. Additionally, as a PayFac, we are able to instantly underwrite merchants and take the credit risk from end to end.

We are adding additional services to our payment gateway to provide services such as ACH and cloud-based billings.

We have done a soft launch of all the applications for OmniSoft and the shopfast Omnicommerce solution with the eVance mobile payment gateway SecurePay.com to demonstrate a proof of concept. The Company's proprietary gateway, SecurePay.com™, is used by approximately 3,000 merchants processing over 32,000 transactions and approximately $9,000,000 of monthly gross transactions. We are also launching our new Merchant and ISO boarding system that will be able to board merchants instantly online. This will providing the merchant with an automated approval and ISOs will have the ability to see all their merchants and their residuals as they load to the system. We earn a fee on each transaction which is paid to us when the transactions are processed. Currently, revenue earned from SecurePay.com™ is a lower proportion of the Company's overall business.

The available merchant information processed through our systems gives us the ability to make intelligent decisions about what services we can provide to specific merchants. Services such as small business loans and instant cash advances are available upon the Company's approval, although none have been issued to date.

Results of Operations

Management's discussion and analysis of financial condition and results of operations ("MD&A") includes a discussion of the consolidated results from operations of The OLB Group, Inc. and its subsidiaries for the three and nine months ended September 30, 2019 and 2018.

Three Months Ended September 30, 2019 Compared to the Three Months Ended September 30, 2018

During the three months ended September 30, 2019 we had total revenue of $2,477,432, substantially all of which is earned from transaction and processing fees related to electronic payments. During the same period, costs related to payment processing fees totaled $1,700,048, or 69% of revenue. During the period, the Company's merchants processed $166,950,480 in gross transactions and 3,681,498 transactions.

During the three months ended September 30, 2018, total revenues were $2,977,983 substantially all of which is earned from transaction and processing fees related to electronic payments. During the same period, cost of revenue, substantially all of which related to payment processing, combined for $1,960,700 or 66% of revenue. During the period, the Company's merchants processed $219,953,010 in gross transactions and 4,806,992 transactions.

Revenue and processing fees have decreased from the prior period due to the lack of a sales team and to not having a customer retention program in place to replace lost merchants and gain new ones. Our goal is to build out our sales team in Q4 2019 and into 2020 and expand our offering of our products and services.

Amortization expense for the three months ended September 30, 2019 was $203,214 compared to $227,676 for the three months ended September 30, 2018, a decrease of $24,462 or 11%. We record amortization expense on our merchant portfolio and trademarks. Amortization expense decreased in the current year due to a change in the valuation of our intangibles.

Salary and wage expense for the three months ended September 30, 2019 was $342,338 compared to $425,176 for the three months ended September 30, 2018, a decrease of $82,838 or 19%. Salary and wage expense decreased in the current period due to the decrease in our sales force, and other personnel.

Outside commission expense for the three months ended September 30, 2019 was $22,951 compared to $48,199 for the three months ended September 30, 2018, a decrease of $25,608 or 53%. Outside commission expense decreased in the current period due to the decrease in sales activity.

General and administrative expenses ("G&A") for the three months ended September 30, 2019 was $294,371 compared to $581,987 for the three months ended September 30, 2018, a decrease of $287,616 or 49%. Some of our larger G&A expenses included rent, stock-based compensation, professional fees and computer and internet expense. Our G&A expense has decreased in the current period as the Company tries to eliminate unnecessary expenditures and conserve its cash. Specifically, some of our larger decreases have occurred with audit and legal fees, computer and internet expense as well as a significant decrease in travel expense.

For the three months ended September 30, 2019 we incurred $316,389 of interest expense, compared to $307,776 for the three months ended September 30, 2018, an increase of $8,613 or 2.7%. The increase in interest expense is primarily due to increased borrowings from our CEO.

Our net loss for the three months ended September 30, 2019 was $401,859 compared to $573,531 for the three months ended September 30, 2018.

Nine Months Ended September 30, 2019 Compared to the Nine Months Ended September 30, 2018

During the nine months ended September 30, 2019 we had total revenue of $7,650,266, substantially all of which is earned from transaction and processing fees related to electronic payments. During the same period, costs related to payment processing fees totaled $5,096,694, or 67% of revenue. During the period, the Company's merchants processed $541,292,447 in gross transactions and 12,094,941 transactions.

During the nine months ended September 30, 2018, total revenues were $9,456,512 (inclusive of $3,174,539 of revenue derived from January 1, 2018 through April 8, 2018 by Excel prior to the Asset Acquisition substantially all of which is earned from transaction and processing fees related to electronic payments. During the same period, cost related to payment processing fees totaled $5,805,464 (inclusive of $1,748,141 of costs associated with $3,174,539 of revenue derived from January 1, 2018 through April 1, 2018 by Excel prior to the Asset Acquisition, or 67% of revenue. During the period, the Company's merchants processed $718,318,998 in gross transactions and 16,004,704 transactions.

The overall decrease in revenue of $1,806,246 or 19% is due to the decrease in sales and recurring customer agreements prior to the asset purchase and the lack of a sales team and to not having a customer retention program in place to replace lost merchants and gain new ones.

During the nine months ended September 30, 2018, the total payment processing fees of $5,805,465 includes $4,057,324 for the accounts of OLB, Crowdpay and Omnisoft from January 1, 2018 through September 30, 2018 and fees from the operations of the Acquired Assets for the period from April 9, 2018 through September 30, 2018, and $1,748,141 from the January 1, 2018 through April 8, 2018 from predecessor operations of the Acquired Assets.

The overall decrease of $708,771in fees was due to the decrease in sales and recurring customer agreements prior to purchase of the Acquired Assets and the lack of a sales team and to not having a customer retention program in place to replace lost merchants and gain new ones.

Amortization expense for the nine months ended September 30, 2019 was $609,643 compared to $546,092 for the nine months ended September 30, 2018, an increase of $63,551 or 12%. Amortization expense in 2018 includes $90,739 from the Excel operations from January 1, 2018 through April 8, 2018. We record amortization expense on our merchant portfolio and trademarks. Overall amortization expense increased in the current period due to a change in the valuation of the merchant portfolio and tradename assets as a result of the purchase of the Acquired Assets.

Salary and wage expense for the nine months ended September 30, 2019 was $1,143,733 compared to $1,378,252 for the nine months ended September 30, 2018, a decrease of $234,519 or 17%. Salary and wage expense in 2018 includes $374,345 from Excel's operations from January 1, 2018 through April 8, 2018. Salary and wage expense decreased in the current period due to the decrease in our sales force, and other personnel.

Outside commission expense for the nine months ended September 30, 2019 was $97,902 compared to $661,322 for the nine months ended September 30, 2018, a decrease of $563,420 or 85%. Outside commission in 2018 includes $508,296 from Excel's operations from January 1, 2018 through April 8, 2018. Outside commission expense decreased in the current period due to the decrease in sales activity and outside service providers.

General and administrative expenses ("G&A") for the nine months ended September 30, 2019 was $1,055,602 compared to $1,504,406 for the nine months ended September 30, 2018, a decrease of $448,804 or 30%. Some of our larger G&A expenses included rent, stock-based compensation, professional fees and computer and internet expense. Our G&A expense has decreased in the current period as the Company eliminated certain unnecessary expenditures and conserved cash. Specifically, some of our larger decreases have occurred with audit and legal fees, computer and internet expense as well as a decrease in travel expense.

For the nine months ended September 30, 2019 we incurred $929,143 of interest expense, compared to $1,328,543 for the nine months ended September 30, 2018, a decrease of $399,400 or 30%. Interest expense in 2018 includes $831,656 from the Excel's operations from January 1, 2018 through April 8, 2018. Interest expense has decreased from the prior period due to the restructuring of the outstanding debt with GACP to have more favorable terms.

Our net loss for the nine months ended September 30, 2019 was $1,281,642 compared to $1,766,660 for the nine months ended September 30, 2018. Net loss in 2018 includes $746,162 from the Excel's operations from January 1, 2018 through April 8, 2018.

Liquidity and Capital Resources

For the nine months ended September 30, 2019 we used $302,028 of cash in operating activities, which included reconciliation of $632,652 for amortization and depreciation expense, $198,786 for stock-based compensation, an increase to accounts receivable of $199,157 and an increase to related party accruals of $270,503. We had proceeds from financing activities of $215,914 from loans from our CEO.

At September 30, 2019, the Company had cash of $25,472 and a working capital deficit of $1,154,688. For the three and nine months ended September 30, 2019, the Company's net loss was $401,859 and $1,281,642, respectively, and its cash used in operating activities was $302,028 for the nine months ended September 30, 2019. The Company expects to fund future liquidity and capital requirements through cash flow generated from its operating activities resulting from increases in its merchants and revenues generated. Additionally, included in the working capital deficit as of September 30, 2019 was accrued payroll, a note payable and other expenses due to the Company's Chief Executive Officer, Mr. Ronny Yakov, of approximately $838,500, which he has agreed to defer receiving payment until the Company has sufficient working capital. As a result of amendments to its long-term and related party long-term debt arrangements, coupled with its operations acquired in the business combination and financial support, if needed, from a related party and significant stockholder to assist with the ongoing working capital needs of the Company through November 2020 (other than obligations of the Company to pay principal or interest with respect to the Excel Loan and Security Agreement), the Company believes it has sufficient capital to continue operations for a period of at least twelve months from the date these financial statements were issued. The Company's future capital requirements could depend on many factors, including the need to expand its services, competing technological and market developments, and the need to enter into collaborations with other companies or acquire other companies or technologies to enhance or complement the Company's product and service offerings. If the Company is unable to secure additional capital, it may be required to curtail its future plans and take additional measures to reduce costs in order to conserve cash.

With respect to its senior debt, the Company is required to maintain a Fixed Charge Coverage Ratio of (x) not less than 1.10:1.00 and (y) on or after the end of the first full fiscal month ended January 31, 2020, the Fixed Charge Coverage Ratio shall not be less than 1.20:1.00, measured in each case on a trailing twelve month and Consolidated Net Revenue shall not be less than $10,000,000. The Company is exploring refinancing solutions for more advantageous terms of its long-term debt either with its current debtholders or with new debtholders. If the Company is unable to refinance its debt or is unable to satisfy its obligations as they become due, the Company may be required to sell assets to repay all or part of the debt or replace the debt with less favorable terms.

Critical Accounting Policies

Refer to our Form 10-K for the year ended December 31, 2018, for a full discussion of our critical accounting policies.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and, as such, are not required to provide the information under this Item.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Control and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") that are designed to be effective in providing reasonable assurance that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission (the "SEC"), and that such information is accumulated and communicated to our management to allow timely decisions regarding required disclosure. Our Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, they concluded that our disclosure controls and procedures were not effective as of September 30, 2019.

The following aspects of the Company were noted as potential material weaknesses:

- Due to our size and limited resources, we currently do not employ the appropriate accounting personnel to ensure (a) we maintain proper segregation of duties, (b) that all transactions are entered timely and accurately, and (c) we properly account for complex or unusual transactions

- Due to our size and scope of operations, we currently do not have an independent audit committee in place

- Due to our size and limited resources, we have not properly documented a complete assessment of the effectiveness of the design and operation of our internal control over financial reporting.

In designing and evaluating disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute assurance of achieving the desired objectives. Also, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs.

We intend to undertake the following initiatives to cure our material weaknesses, but even if we complete all of these initiatives, they may not resolve our material weaknesses.

- When we have available funds, we plan to hire additional accounting personnel to assist with the day-to-day accounting and reporting requirements. The goal is to hire a sufficient number of additional staff to have the ability to properly segregate duties. In addition, we have recently completed the process of bringing our multiple accounting systems into one unified system.

- We plan to establish an Audit Committee with independent directors.

- When resources become available, we will either utilize internal personnel or outside consultants to document a complete assessment of the effectiveness of the design and operation of our internal control over financial reporting.

Changes in Internal Controls

There has been no change in our internal control over financial reporting that occurred during our last fiscal quarter that has materially affected, or is reasonably likely to material affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and, as such, are not required to provide the information under this Item.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

There are no claims, actions, suits, proceedings, or investigations that are currently pending or, to the Company's knowledge, threatened by or against the Company or respecting its operations or assets, or by or against any of the Company's officers, directors, or affiliates.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
31.1	Certification of Chief Executive Officer, pursuant to Rule 13a-14(a) of the Exchange Act, as enacted by Section 302 of the Sarbanes-Oxley Act of 2002. (filed herewith)
31.2	Certification of Chief Financial Officer, pursuant to Rule 13a-14(a) of the Exchange Act, as enacted by Section 302 of the Sarbanes-Oxley Act of 2002. (filed herewith)
32	Certification of Chief Executive Officer and Chief Financial Officer, pursuant to 18 United States Code Section 1350, as enacted by Section 906 of the Sarbanes-Oxley Act of 2002. (filed herewith)
101	Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 formatted in Extensible Business Reporting Language (XBRL).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 14, 2019	By:	*/s/ Ronny Yakov*
	Name:	Ronny Yakov
	Title:	Chief Executive Officer (Principal Executive Officer)
Date: November 14, 2019	By:	*/s/ Rachel Boulds*
	Name:	Rachel Boulds
	Title:	Chief Financial Officer (Principal Financial and Accounting Officer)

EX-31.1 2 f10q0919ex31-1_theolbgroup.htm CERTIFICATION

Exhibit 31.1

CERTIFICATIONS

I, Ronny Yakov, Chief Executive Officer of The OLB Group, Inc., certify that;

(1) I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2019 of The OLB Group, Inc.;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designated such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal year end that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of the internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2019	By:	*/s/ Ronny Yakov*
	Name:	Ronny Yakov
	Title:	Chief Executive Officer

EX-31.2 3 f10q0919ex31-2_theolbgroup.htm CERTIFICATION

Exhibit 31.2

CERTIFICATIONS

I, Rachel Boulds, Chief Financial Officer of The OLB Group, Inc., certify that;

(1) I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2019 of The OLB Group, Inc.;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designated such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal year end that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of the internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2019	By:	*/s/ Rachel Boulds*
	Name:	Rachel Boulds
	Title:	Chief Financial Officer

EX-32 4 f10q0919ex32_theolbgroup.htm CERTIFICATION

Exhibit 32

CERTIFICATION OF CHIEF EXECUTIVE AND FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The Chief Executive Officer and Chief Financial Officer of The OLB Group, Inc., (the "Company"), hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of their knowledge:

(i) the Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2019 (the "Quarterly Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, (15 U.S.C. 78m or 78o(d)); and

(ii) the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2019	By:	*/s/ Ronny Yakov*
	Name:	Ronny Yakov
	Title:	Chief Executive Officer
Date: November 14, 2019	By:	*/s/ Rachel Boulds*
	Name:	Rachel Boulds
	Title:	Chief Financial Officer

THE OLB GROUP